

1990

CALIFORNIA HOUSING BOND ACT OF 1990

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Official Title and Summary

CALIFORNIA HOUSING BOND ACT OF 1990

- This act establishes a comprehensive housing program to address the severe housing crisis in California by (a) authorizing the use of funds from the First-Time Home Buyers Bond Act of 1982, under which the voters of this state authorized a bond issue of two hundred million dollars (\$200,000,000), to provide financial assistance to first-time homebuyers in the form of interest rate subsidies and deferred-payment, low-interest second-mortgage loans and (b) providing for a bond issue of one hundred twenty-five million dollars (\$125,000,000) to provide funds for a housing and earthquake safety program that includes financing for:
 - (1) the preservation and rehabilitation of the existing stock of rental housing for families and individuals, including rental housing which meets the special needs of the elderly and disabled,
 - (2) emergency shelters and transitional housing for homeless families and individuals,
 - (3) a multifamily mortgage loan and bond insurance program,
 - (4) farmworker housing, and
 - (5) rehabilitation loans to enable unreinforced masonry rental buildings to withstand earthquakes.

Final Votes Cast by the Legislature on SB 2456 (Proposition 145)

Assembly: Ayes 55
Noes 15

Senate: Ayes 28
Noes 5

Analysis by the Legislative Analyst

Background

The state administers various housing programs to help meet the need for affordable and decent housing. Many of these programs provide low-interest loans or grants for the construction or rehabilitation of housing for low-income persons. Other programs provide low-interest mortgage loans to first-time home buyers. In recent years, voters have approved a total of \$600 million in general obligation bonds to finance several of these affordable housing programs. By September 1990, about \$180 million of these bond funds had been spent or committed. Nearly \$190 million in applications for funding were pending and additional applications were anticipated.

Proposal

This measure permits the state to sell \$315 million in general obligation bonds to provide funds for six housing programs. Of this amount, \$190 million would be used for a new first-time home purchase program created by the measure. This \$190 million is the unspent portion of \$200 million in bonds originally authorized by the voters in 1982 for a different housing program (the Cal-First Home Buyers Program). That program has been inactive for several years. A difference between the two home buyer programs is that the Cal-First Home Buyers Program was intended to be totally supported by participating first-time home buyers, resulting in no net direct cost to the taxpayer. Bonds sold for the new program, on the other hand, would be repaid by the state's General Fund.

The remaining \$125 million in bonds authorized by the measure would be used for programs that assist low-income renters, farmworkers, homeless people, and people living in buildings that might be unsafe during an earthquake.

General obligation bonds are backed by the state, meaning that the state is obligated to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state personal income and corporate taxes and the state sales tax.

The \$315 million in total bond proceeds would be divided among the six programs as follows:

First-Time Home Purchase Assistance Program (\$190 million). The state would use \$190 million to help about 5,000 households buy their first homes. Individuals and families could qualify for this program if their yearly incomes do not exceed 35 percent of the average cost of existing homes in their area. In 1990, the maximum permitted household income for this program probably would range from \$24,000 to \$76,000, depending upon the area. Under this program, the state would provide low-interest (not less than 3 percent) *second* mortgages to home buyers. These *second* mortgages make homes more affordable because they reduce the amount households must borrow and repay for *first* mortgages. Borrowers delay *all repayment* on the second mortgage until the end of the 30-year loan period, or until they sell or refinance their home. The state could also assist home buyers by reducing the interest rate charged on first mortgages.

Multifamily Housing Preservation Program (\$45 million). Under this program, the state would provide low-interest (3 percent) loans to ensure that certain rental housing units continue to be available at rents affordable to low-income households. Some of these housing units are currently provided at affordable rents based upon agreements made with the federal government. These agreements, however, are expiring.

The preservation program would provide temporary and long-term loans for the purchase and rehabilitation of these housing units, provided that the borrower agrees to keep rents affordable for a period of 40 years. The temporary loans would allow borrowers to purchase such housing and defer all loan repayments until they obtain permanent financing. Borrowers would have up to four years to obtain permanent financing. The long-term loans would be for at least 40 years. All of the principal and, in some cases, interest payments on the long-term loans would be deferred until the end of the loan period.

California Housing Rehabilitation Program (\$45 million). This measure provides \$45 million for an existing state program that makes low-interest (3 percent) loans for the purchase and rehabilitation of low-income rental housing. Under the program, loans could be made to reinforce rental housing that may be unsafe during an earthquake and for the purchase and repair of rental housing to make it safe and fit for occupancy. To receive a loan, the owner of the rental housing must agree to keep rents affordable to low-income tenants for the term of the loan, which is at least 20 or 30 years. Borrowers pay interest on a yearly basis, but postpone payment of the principal until the end of the loan period.

California Housing Insurance Fund (\$15 million). This measure provides \$15 million for an existing state program that insures loans to buy, build or repair affordable rental housing and to rehabilitate multifamily housing to make it earthquake safe. This

means that the state would use these funds to pay a lender who has lost money when a borrower insured by this program has defaulted on a loan. The state could also insure bonds that are used to buy, build or repair affordable rental housing.

Emergency Shelter Program (\$10 million). This measure provides \$10 million for an existing state program that provides grants to nonprofit organizations and local governments to purchase and repair emergency shelters for the homeless.

Farmworker Housing Grant Program (\$10 million). This measure provides \$10 million for an existing state program that provides grants to nonprofit organizations and local governments to build or rehabilitate affordable housing for farmworkers.

Fiscal Effect

Direct Cost of Paying Off the Bonds. The state would receive loan repayments under the three loan programs discussed above. These repayments, however, would be used for additional loans, not for repayment of the general obligation bonds. As a result, the state's General Fund would be responsible for the bond principal and interest payments, which typically would be paid off over a period of about 20 years.

Generally, the interest on bonds issued by the state is exempt from both federal and state income taxes. However, interest on the bonds sold to fund the programs covered by this measure may not be eligible for the federal income tax exemption (but would be eligible for the state exemption). As a result, the average interest rate on these bonds would be higher than on other state bonds. If the authorized bonds are sold at an average interest rate of about 9.5 percent, the cost would be about \$630 million to pay off both the principal (\$315 million) and interest (\$315 million). The average payment would be about \$26 million each year.

For text of Proposition 145 see page 53

Argument in Favor of Proposition 145

A BROAD BIPARTISAN COALITION OF CALIFORNIA LEADERS URGE YOU TO VOTE "YES" ON PROPOSITION 145, THE CALIFORNIA HOUSING BOND ACT OF 1990.

PROPOSITION 145 PROMOTES HOMEOWNERSHIP

Housing prices in California have doubled in the past ten years. Many families, even with both parents working, are unable to become homeowners. Only one in five California families can afford to buy a median priced home. This is discouraging to young families just starting out and to employers who want to bring more jobs to our state.

Proposition 145 will make homeownership a reality for many families again. This bond act is part of a five year Housing Opportunity Program which will help 15,000 Californians purchase their first home.

Proposition 145 provides \$190 million in low cost loans and down payment assistance to help first time homebuyers in all areas of our state. These loans, repaid when the home is sold, will help more families realize the dream of homeownership.

PROPOSITION 145 PRESERVES SAFE, DECENT, AFFORDABLE HOUSING FOR SENIORS, THE HANDICAPPED AND FAMILIES

Over one and a half million poor seniors, handicapped persons and families live in unsafe, unhealthy housing. Many of these housing units are not earthquake safe and could be severely damaged or collapse in the next earthquake.

Local governments can require these buildings be made safe and livable—but it is costly. Many landlords must greatly increase rents to pay for the repairs. Others simply choose to tear the buildings down.

Proposition 145 provides a proven way to keep seniors, the

handicapped and families in safe, decent housing without causing substantial increases in rents.

Proposition 145 will provide low interest loans and insurance to preserve and repair existing rental housing and make it earthquake safe while keeping rents affordable.

PROPOSITION 145 PROVIDES GREATLY NEEDED HOUSING FOR THE HOMELESS

Despite our best efforts to save existing affordable housing, the number of homeless continue to grow. Too many families, already squeezed by high rents, are at the mercy of an unforeseen layoff or illness.

Proposition 145 will provide \$10 million for critically needed shelter beds for homeless families so they can be assisted in returning to work.

PROPOSITION 145 IS COST EFFECTIVE AND WILL SAVE TAX DOLLARS

The programs in Proposition 145 are time tested. They operate in partnership with local governments to stretch housing dollars further.

Proposition 145 will promote homeownership, keep elderly renters in decent housing, and provide safe, secure housing for the homeless.

Vote "Yes" on Proposition 145.

GEORGE DEUKMEJIAN
Governor, State of California

DAVID ROBERTI
President pro Tempore of the Senate

JIM ANTT, JR.
President, California Association of REALTORS

Rebuttal to Argument in Favor of Proposition 145

DON'T BE FOOLED.

This bond proposal was strongly opposed by affordable housing advocates and most cities in the state when it was considered by the Legislature.

The proponents' arguments in favor of Proposition 145 say some nice things about obtaining homeownership, the need to preserve rental housing, and assisting the homeless.

But don't vote for Proposition 145 based on what the proponents HOPE it will do.

VOTE NO BECAUSE OF WHAT PROPOSITION 145 DOES.

Proposition 145:

1) Offers a HUGE SUBSIDY to persons who make OVER \$80,000 a year.

2) Provides THREE-PERCENT, SIMPLE INTEREST loans for up to 49 percent of the cost of the home. NO PAYMENTS until the home is sold, transferred, or refinanced. No payments whatsoever if another eligible purchaser is found (someone

making less than \$83,000 a year).

3) Provides only 5,000 second mortgages throughout the whole state.

4) COSTS ALL TAXPAYERS \$30 MILLION a year for the next 30 years to pay off the bonds.

And don't be fooled by the TOKEN bond moneys for lower income people, like the homeless and the elderly. The proponents hope to buy off the electorate by *under funding* some much needed programs.

BUT—The cost is too high. Say "NO" to welfare for the rich. Say "NO" to ill-conceived government financing of private homeownership.

Save your hard earned dollars and use it for *your* housing.

Vote "NO" on Proposition 145.

DAN HAUSER
Chairman, Assembly Committee on Housing and Community Development

Argument Against Proposition 145

Life is about choices. There is only so much money and so many different needs in our society. As the Chairman of the Assembly Committee on Housing and Community Development, I've had to make a lot of difficult choices. On November 6th, you, the electorate, are going to have to make a difficult choice. I recommend a "No" on the Housing Bond Proposal.

A majority of the bond funds will be used to provide three-percent, simple interest loans to individuals making up to \$83,000 in certain urban counties.

I do not believe that government should provide such enormous subsidies to people in this income group.

This housing bond package is fatally flawed because it establishes a policy which benefits the wealthiest residents of our state while providing virtually no additional housing for those in greatest need.

The voters are ill served by this poorly conceived proposition because:

1) **Income Eligibility Limits Are Too High:** Advocates for the proposal may say this is targeted for middle-income persons; but I have read the proposal, and the proposal has no language which would identify, take into consideration, or target any low- or moderate-income person.

2) **A Virtual Grant of Public Moneys:** This proposal allows interest rates as low as three percent; no payments until the

sale, transfer, or refinancing of the property; and the loans are *assumable*. Under some circumstances, the money would never be repaid.

3) **It Does Nothing to Increase the Stock of Affordable Housing in the State:** One of the greatest problems affecting the cost of housing is the enormous shortage of housing stock. This proposal does not guarantee the construction of one *new* home.

4) **Substantial Cost to the State's General Fund:** Most importantly, this proposal will cost the taxpayers of California about \$30 million a year. The effect of this debt will be that other state programs will have to be cut, including mental health, education, and environmental programs.

5) **Too Much to Help Too Few:** The Legislative Analyst estimates that only 5,000 mortgages can be provided under this program. How will these lucky few be chosen?

This is not a program designed to assist the average family. This is not a program that will help solve California's growing housing crisis. This is a *welfare* program for the *wealthiest* members of our society.

Vote "No" on the "Yuppie" Housing Bond Proposal.

DAN HAUSER

Chairman, Assembly Committee on Housing and Community Development

Rebuttal to Argument Against Proposition 145

PROPOSITION 145 PROVIDES HOME OWNERSHIP OPPORTUNITIES ONLY TO THOSE THAT NEED ASSISTANCE AND ENSURES THAT SAFE, AFFORDABLE MULTIFAMILY HOUSING IS MAINTAINED IN THIS STATE.

It is a sad fact of life that a combined family income that seems adequate is still not enough to purchase a home in many urban areas of the state. Proposition 145 imposes a strict income level *cap* that is directly tied to the price of a modest starter home in each county. Proposition 145 expressly forbids *any* assistance beyond what each potential home owner needs to make the loan affordable. These are not grants, or "welfare." These are *loans* which must be repaid with interest when the house is resold, and can only be assumed by another home buyer who qualifies for assistance.

Proposition 145 allows individuals to purchase a home where they work, thereby reducing the urban sprawl that has choked

our interstates, contributed to air pollution, and has strained the resources of rural cities.

Proposition 145 will preserve apartment units for the poor, disabled and elderly. It provides needed shelter for the homeless in order to assist them in re-entering the workplace.

Proposition 145 is supported by a broad based coalition because it addresses the most critical housing needs in our state: shelter for the homeless, affordable housing for the disadvantaged, and home ownership opportunities for moderate income families. Vote YES on Proposition 145.

GEORGE DEUKMEJIAN

Governor, State of California

ROBERT T. MONAGAN

President, California Economic Development Corporation

ROBERT RIVINIUS

CEO, California Building Industry Association

purpose of carrying out this chapter. Those withdrawals from the General Fund shall be returned to the General Fund with interest at the rate which would otherwise have been earned by those sums in the Pooled Money Investment Account.

450. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out the provisions of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

7451. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

7452. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 7446, but shall not be available for transfer to the General Fund to pay the principal of and interest on bonds. The money in the fund may be expended only as herein provided.

Notwithstanding any other provision of this chapter, or the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or take any other action with respect to the investment and the use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

7453. Money in the fund may only be expended pursuant to appropriations by the Legislature. The Department of Corrections and the Department of the Youth Authority, annually on or before January 10, shall submit their respective five-year facility master plans to the Legislature. Each plan shall include a program of proposed expenditures from the 1990-B Prison Construction Fund.

7454. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

Proposition 145: Text of Proposed Law

This law proposed by Senate Bill 2456 (Statutes of 1990, Ch. 577) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law amends, amends and renumbers, repeals, and adds sections to the Health and Safety Code; therefore, existing sections proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SEC. 2. Section 52501 of the Health and Safety Code is amended to read:

52501. This part shall be administered by the California Housing Finance Agency and all of the provisions of Part 3 (commencing with Section 50900) which are not inconsistent with the provisions of this part shall apply to the agency and its administration of this part. *In addition to the purposes of the agency specified in Sections 50154 and 50950, the purpose and role of the agency includes making available financing opportunities for first-time homebuyers in California in the manner provided in this part.*

SEC. 3. Section 52502 of the Health and Safety Code is repealed.

52502. The First-Time Home Buyers Policy Committee is hereby created within the agency for the purpose of exercising those powers and responsibilities of the agency as specifically set forth in this division and; in the exercise of those powers and responsibilities, the acts of the policy committee shall be the acts of the agency.

The members of the policy committee shall be subject to the provisions of Part 3 (commencing with Section 50900) in the same manner as members of the board of directors of the agency.

SEC. 4. Section 52504 of the Health and Safety Code is amended and renumbered to read:

52502. The First-Time Home Buyers Fund is hereby created in the State Treasury. "Fund," as used in this part, means the First-Time Home Buyers Fund. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are hereby continuously appropriated to the agency, without regard to fiscal years, for expenditure pursuant to this part, and for defraying actual administrative costs of the agency. Notwithstanding the provisions of Section 16305.7 of the Government Code and Section 52530, any interest earned or other increment derived from investments made from moneys in the fund shall be deposited in the fund. The agency may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, and redemption premiums on, bonds issued pursuant to this part, and for such purpose or as necessary or convenient to the accomplishment of any other purpose of the agency pursuant to this part, may divide the fund into separate accounts. All moneys accruing to the agency pursuant to this part from whatever source shall be deposited in the fund.

SEC. 5. Section 52506 of the Health and Safety Code is repealed.

52506. The agency shall have the power to adopt, and from time to time to amend and repeal, by action of the policy committee, rules and regulations, not inconsistent with the provisions of this part, to carry

into effect the powers and purposes of the agency pursuant to this part and the conduct of its business. Rules and regulations of the agency shall be adopted, amended, repealed, and published in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 4 of Division 3 of Title 2 of the Government Code.

SEC. 6. Section 52506 is added to the Health and Safety Code, to read:

52506. The agency may, by resolution of the board, adopt, amend, and repeal rules to effectuate the powers and purposes of the agency and for the administration of the mortgage loan program authorized pursuant to this part.

SEC. 7. Chapter 2 (commencing with Section 52510) of Part 6 of Division 31 of the Health and Safety Code is repealed.

CHAPTER 2: BUY/DOWN MORTGAGE PLAN

52510. The agency may contract with qualified mortgage lenders with respect to mortgage loans qualified under this part to pay to such lenders, subject to the provisions of Section 52513, a sum of money as consideration for a reduction of the effective interest cost to the purchaser of an owner-occupied housing unit below market interest rates.

The buy/down mortgage program conducted under this part may be applicable to and include mortgage revenue bond financed programs. With respect to mortgage revenue bond financed programs, "market interest rate" means the effective mortgage interest rate to the borrower without the buy/down authorized by this part.

52511. The agency may make commitments to qualified mortgage lenders to make contracts for buy/down mortgage plans which conform to this part.

The agency may require the payment to the agency of a commitment fee to cover agency costs in extending such commitments and associated administrative costs; except that the total of commitment fees pursuant to this section and the projected recovery of administrative costs pursuant to Sections 52512 and 52514 shall not exceed the costs reasonably expected, in a prudent manner, to be incurred by the agency in the implementation of this part.

Commitments shall be made by the agency, acting through the policy committee, in a manner to best serve the purposes of this part and the interests of the first-time home buyer in the various geographical areas of this state, in varying forms of ownership where feasible; and including purchase of previously occupied housing; existing but not previously occupied housing; and housing to be constructed with preference to housing which can be marketable within three months of the date of the commitment.

52512. The mortgage loan by a qualified mortgage lender for which a buy/down contract may be executed by the agency shall be in such form as determined by the regulations of the agency adopted by the policy committee. Such a loan shall be for a term of not less than six years or more than 30 years; but the repayments of principal and interest on such loan may be scheduled to provide for amortization in 30 years subject to a balloon payment at the end of the loan term. Such loan shall bear a fixed interest rate yield to the qualified mortgage

lender which shall not exceed market interest as determined under Section 50080; except that the interest charged to the borrower may be on a graduated payment schedule as authorized in Section 52512. A qualified mortgage lender may charge to the borrower such initiation fees, points, or other charges approved by the agency; by regulation adopted by the policy committee; or otherwise, which may include administrative costs for the agency.

Any such loan by a qualified mortgage lender shall not exceed 90 percent of the appraised value of the property under standards applicable to that lender. A qualified mortgage lender shall agree to notify the agency of any default on the loan. The agency assumes no responsibility to the qualified mortgage lender, except for the contracted payment for the buy/down.

52513. The terms of the contract with a qualified mortgage lender for the buy/down mortgage plan shall be established by regulations of the agency adopted by the policy committee. Payments to a qualified mortgage lender under such contract shall not exceed the capitalized cost to the lender of the difference between market interest and the effective interest rate to the borrower under the buy/down program, plus any reasonable and demonstrated administrative costs; and provision shall be made for return by that lender to the agency, for credit against the borrower's note obtained by the agency pursuant to Section 52514, of any sums used to purchase a buy/down of the effective interest to the borrower on the mortgage loan and which have been unearned by the lender by virtue of prepayment of the mortgage loan for any reason prior to the termination of the buy/down period. The buy/down program shall not result in an effective interest rate to the borrower which is more than 5 percent below market interest and such effective rate to the borrower, or monthly payment by the borrower, shall be adjusted annually in equal increments until, at the end of the sixth year, it is equal to market interest as determined at the initiation of the loan; and may, as determined by regulations of the agency adopted by the policy committee, exceed market interest in ensuing years in such amount as is necessary to amortize the security interest of the agency as provided in Section 52514; if the agency determines pursuant to Section 52514 that the term of the note and security interest securing the agency's participation is extended beyond the sixth year.

52513.5. (a) If (1) a loan executed pursuant to Section 52512 is for a term of less than 30 years or provides for a balloon payment; (2) the loan has not been prepaid in full or the property has not been sold or transferred prior to the maturity of the loan; and (3) the borrower is not in default, the lender shall offer or arrange for refinancing of the unpaid balance of the loan upon maturity and the balance of any note due the agency pursuant to Section 52514.

The refinancing may be provided directly by the lender or another mortgage lender, or the lender may arrange at the time of making the loan pursuant to Section 52512 for the refinancing to be provided by a federally or state-chartered bank or savings and loan association doing business in this state or by a qualified mortgage banker. As used in this section "qualified mortgage banker" means a lender (1) meeting the criteria established by the Government National Mortgage Association for lenders selling over ten million dollars (\$10,000,000) in mortgage loans to that organization annually; and (2) which either has conducted an ongoing business of mortgage lending in this state for not less than five years immediately preceding the making of the loan pursuant to Section 52512; or made over fifty million dollars (\$50,000,000) in mortgage loans in this state during the 12 months immediately preceding the making of the loan pursuant to Section 52512. If a refinancing commitment is arranged by the lender upon the origination of the loan pursuant to Section 52512, this fact shall be fully and fairly disclosed to the borrower; a copy of the lender's contract with the bank, savings and loan association, or qualified mortgage banker making the commitment shall be supplied to the borrower at that time; and the contract shall be fully enforceable by the borrower as a third-party beneficiary thereto; but the lender shall not be a guarantor of the obligation of the bank, savings and loan association, or qualified mortgage banker to provide refinancing.

If the original lender is a federally or state-chartered bank or savings and loan association doing business in this state or a qualified mortgage banker, it may provide the refinancing commitment to the borrower required by this section. In this event, any loan executed pursuant to Section 52512 shall contain a provision, which is fully and fairly disclosed to the borrower, which provides that any assignees or successors in interest of the original lender shall not be guarantors of the refinancing obligation; in which event the original lender's refinancing commitment shall be fully enforceable by the borrower.

(b) The term of the loan for refinancing shall be established so that the borrower's repayment schedule provides for the final installment payment not less than 30 years from the date of origination of the loan pursuant to Section 52512. However, if loans at that duration are generally not available, within the meaning of subdivision (d), the

lender or other obligor shall give the borrower a choice of any form of loan and maturity for that type of loan which is available at the time of refinancing, within the meaning of subdivision (d). The lender or other obligor shall inform the borrower of the types of loans and maturities available for refinancing under this section not less than 60 days prior to maturity of the loan executed pursuant to Section 52512.

(c) The interest rate for the refinancing loan shall not exceed rates generally available in the market for the type of loan instrument provided under subdivision (d) at the time of maturity of the loan pursuant to Section 52512. No loan origination fees shall be required of the borrower, either as prepaid interest or for processing services, as a condition of obtaining a refinancing loan pursuant to this section; but the borrower may be required to pay the costs of obtaining a policy of title insurance in accordance with the lender's requirements. The refinancing loan need not be a fixed interest rate loan; unless that is the type of loan generally offered to, and utilized by, the public pursuant to subdivision (d).

(d) The refinancing loan may be any form of loan which, at the time of refinancing, is generally offered to, and utilized by the public, for financing housing similar to the borrower's by banks or savings and loan associations doing business in this state.

(e) The lender may require as a condition of the refinancing loan that it be secured by a deed of trust having a lien of first priority, and may require the borrower to submit a loan application, at least 60 days prior to the maturity of the loan made pursuant to Section 52512, including such information about the borrower and the security property as is ordinarily required of borrowers with respect to similar loans made by the lender and may impose qualifications on the borrower or property which are conventionally applied on similar loans on similar properties at that point in time.

52514. In consideration for the agency's contract, and performance of contract, to purchase a buy/down of the effective interest to the borrower on the mortgage loan, the agency shall obtain a note and deed of trust from the borrower under terms prescribed by regulations of the agency adopted by the policy committee. Such note and deed of trust shall be subordinate to the mortgage loan by a qualified mortgage lender executed pursuant to this part. The subordinate mortgage or deed of trust obtained by the agency under this section may, at the option of the agency exercised upon the initiation of such note and mortgage, provide that all amounts due and payable shall be paid at the end of the sixth year or shall be repaid on an amortized basis commencing with the seventh year and extending through the 30th year, or some term selected by the agency and provided in the initiating loan documents between the end of the sixth year and the end of the 30th year. The amount of the subordinate note and mortgage shall be equal to the contract amount advanced by the agency to the qualified mortgage lender to effect the buy/down, plus interest on those amounts at a rate calculated to cover the cost of funds to the agency for this program and administrative costs, less any amounts returned to the agency by the lender for the credit of the borrower pursuant to Section 52513, and shall be specified in the note and mortgage upon the initiation of that note and mortgage.

The agency may make and execute contracts with the qualified mortgage lender for the initiation or servicing of the subordinate mortgage loan. The agency may pay the reasonable value of services rendered to the agency pursuant to such contracts.

The notes and mortgages may be held or sold by the agency, or the agency may create pools of such loans, obligations, and participations held by the agency and may sell securities backed by such pools.

52514.5. All payments to the agency by the borrower on any note executed pursuant to Section 52514 shall be considered payments of interest for the purposes of Section 17203 of the Revenue and Taxation Code.

52515. The real property to be purchased by the borrower on a mortgage loan pursuant to this part shall be an owner/occupied housing unit; the acquisition price of which does not exceed 90 percent of the average purchase price in the statistical area; except that such acquisition cost shall not exceed 110 percent of the average purchase price in a targeted area. The average purchase price means the purchase price determined by the agency, through action of the policy committee, for similar owner/occupied units. Such determinations shall be made not less often than annually for each statistical area and targeted area.

52516. The agency shall establish by regulation, adopted by the policy committee, standards for the eligibility of purchasers of housing subject to this part. Such individuals shall be first-time home buyers. Mortgages pursuant to this part cannot be used to acquire or replace an existing mortgage, except a mortgage which is security for a construction loan or a bridge loan or similar temporary initial financing. The purchaser shall be a resident of California. The qualified mortgage lender shall certify to the agency, in good faith, after prudent qualification of the purchaser that the purchaser is qualified under the

provisions of this part: Section 51067 is not applicable to mortgage loans under this part.

52517. Notwithstanding any other provisions of this part, only mortgage loans are eligible for buydown under the provisions of this part which are presently, or are expected to be, insured in whole or in part by the Federal Housing Administration or guaranteed in whole or in part by the United States Veterans Administration, the Farmers Home Administration of the United States Department of Agriculture, an agency of the state, by a private insuring entity authorized to engage in such business, or by any combination of the above, in percentages determined by the agency by regulation adopted by the policy committee.

52518. Notwithstanding the provisions of Section 711 of the Civil Code, the agency shall not permit the assumption of the obligation under any note or mortgage securing the interest of the agency pursuant to Section 52514, by a subsequent ineligible purchaser or transferee of the prior borrower. If the subsequent purchaser or transferee does not meet the eligibility requirements of this part, the agency shall require acceleration of repayment of the principal balance of the loan to be all due and payable upon the sale or transfer of the property. For purposes of determining eligibility, the limits on acquisition price, as specified in Section 52515, shall be determined at the time of the proposed assumption.

52519. The agency may renegotiate, refinance, foreclose, or contract for the foreclosure of any mortgage executed pursuant to Section 52514 which is in default, and may waive any default or consent to the modification of the terms of any mortgage. With respect to mortgage loans made pursuant to this part, the agency shall require that mortgage servicing and foreclosure practices, including forbearance and recasting of mortgages in default, conform to agency regulations.

The agency may commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract, or other agreement, and may bid for and purchase property sold in satisfaction thereof at any foreclosure or other sale or may otherwise acquire and take possession of such property. In connection with any such proceeding, the agency may assume any underlying mortgage held by a qualified mortgage lender or may, as necessary to acquire and take possession of such property, pay any note in order to remove any prior encumbrance. Subject to any agreement with bondholders, the agency may operate, manage, lease, dispose of, and otherwise deal with such property in such manner as may be necessary to protect the interest of the agency and the holders of its bonds.

SEC. 8. Chapter 2 (commencing with Section 52510) is added to Part 6 of Division 31 of the Health and Safety Code, to read:

CHAPTER 2. FIRST-TIME HOME PURCHASE ASSISTANCE PROGRAM

52510. The agency shall administer a home purchase assistance program in accordance with the provisions of this part to assist first-time homebuyers to utilize mortgage financing available pursuant to Part 3 (commencing with Section 50900) of this division with the additional financial resources made available pursuant to this part.

52511. Home purchase assistance under this part shall include, but not be limited to, both an interest rate subsidy to reduce the interest rate paid by the borrower on the first-mortgage loan and a deferred-payment, low-interest second-mortgage loan to reduce the principal and interest payments on the first-mortgage loan. The amount of home purchase assistance shall not exceed the amount necessary to make the total debt financing affordable to eligible households, but in no event shall the interest rate subsidy reduce the effective interest rate to the borrower below 3 percent per annum, nor shall the deferred-payment, low-interest, second-mortgage loan exceed 49 percent of the total debt financing necessary to purchase the home. The loan amount may include the costs of closing escrow.

52512. The amount of home purchase assistance provided under this part shall constitute a second-mortgage loan secured by a deed of trust of second priority to the first-mortgage loan provided by the agency pursuant to Part 3 (commencing with Section 50900) of this division or by a conventional lender pursuant to policies established by the agency. The second-mortgage loan shall be due and payable upon sale, transfer, or refinancing of the home, except upon assumption of the loan as provided in this section. If the home is not sold, transferred, or refinanced during the term of the first-mortgage loan, the second-mortgage loan, including any accrued interest, shall begin amortizing on the same terms as the first-mortgage loan on the next periodic payment date after the final payment on the first-mortgage loan until the second-mortgage loan is repaid in full. Mortgage loans under this program may be assumed only if the transferee and the property meet the eligibility requirements of this part. The terms of the promissory note for the second-mortgage loan may include provision for simple interest to accrue over the term of the loan and payable with the loan as provided in this section. Any repayment of principal or payment of interest from loans made pursuant to this part shall be deposited in the First-Time Home Buyers Fund.

52513. Eligible borrowers under this chapter shall be California residents who are first-time homebuyers as determined by Section 50068.5, whose income does not exceed 35 percent of the average area purchase price of resale homes.

52514. Property eligible to be assisted pursuant to this part shall be owner-occupied, single-family dwellings, manufactured homes as installed pursuant to Section 18551, and factory built homes, subject to mortgage loans as provided in Section 52512, the interest on which constitutes interest for the purposes of Section 17230 of the Revenue and Taxation Code, and which otherwise conform to the standards, policies, and procedures of the agency. The purchase price of a property eligible to be assisted shall not exceed either of the following:

(a) One hundred percent of the average area purchase price of a resale home when the borrowers are one- or two-member households.

(b) One hundred ten percent of the average area purchase price of a resale home when the borrowers are three or more member households.

52515. Only mortgage loans which are insured or guaranteed in whole or in part by the Federal Housing Administration, the United States Veterans Administration, the Farmers Home Administration, the California Housing Insurance Fund or any other state agency, a private mortgage insurer authorized to engage in that business, or by any combination of the above in percentages determined by the agency shall be eligible for assistance under this part. Fifteen percent of the fund shall be transferred to the California Housing Insurance Fund to be expended for programs authorized by Part 4 (commencing with Section 51600) for single family home bond and mortgage insurance.

52516. The agency may make commitments to qualified mortgage lenders to make contracts for home purchase assistance which conform to this part. The agency may require the payment to the agency of a commitment fee to cover agency costs in extending these commitments and associated administrative costs. Commitments shall be made by the agency in a manner designed to serve the interests of first-time homebuyers in geographical areas of the state where existing tax-exempt bond-financed programs do not meet the needs of persons and families of moderate income.

SEC. 9. Section 52526 of the Health and Safety Code is amended to read:

52526. The State General Obligation Bond Law is adopted for the purpose of the issuance, sale and repayment of, and otherwise providing with respect to, the bonds or securities authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. For purposes of this chapter, "securities" has the same meaning as "bonds" as defined in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

SEC. 10. Section 52528 of the Health and Safety Code is amended to read:

52528. The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate of two hundred million dollars (\$200,000,000), exclusive of refunding bonds, in the manner provided in this chapter. Such debt or debts, liability or liabilities, shall be created for the purpose of providing the funds to be used for the purposes specified in Section 52505 and shall be deposited in the First-Time Home Buyers Fund created pursuant to Section 52504.

SEC. 11. Section 52529 of the Health and Safety Code is amended to read:

52529. The committee, upon the request of the board stating the purposes for which the bonds or securities are proposed to be used and the amount of the proposed issuance, shall determine whether or not it is necessary or desirable to issue any bonds or securities authorized under this chapter, and if so, the amount of bonds or securities then to be issued and sold. The committee may authorize the State Treasurer to sell all or any part of the bonds or securities herein authorized at such time or times as may be fixed by the State Treasurer.

SEC. 12. Section 52531.5 is added to the Health and Safety Code, to read:

52531.5. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of the bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

SEC. 13. Section 52532.3 is added to the Health and Safety Code, to read:

52532.3. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out the provisions of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of

carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

SEC. 14. Section 52532.6 is added to the Health and Safety Code, to read:

52532.6. Notwithstanding any provision of this chapter or the State General Obligation Bond Law as set forth in Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer shall be authorized to maintain separate accounts for the investment of bond proceeds and the investment earnings on the proceeds, and the Treasurer shall be authorized to use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds required or desirable under federal law so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

SEC. 15. Nothing contained in this act shall affect the validity of or in any way impair the agency's ability to fulfill its obligations on loans originated under the Cal-First Home Buyers Program prior to the effective date of this act.

SEC. 16. Section 52533 of the Health and Safety Code is amended to read:

52533. Money in the First-Time Home Buyers Fund may only be expended for projects specified in this chapter part.

SEC. 18. Section 53137 is added to Part 8 (commencing with Section 53130) of Division 31 of the Health and Safety Code, to read:

53137. The Legislature may, from time to time, amend the provisions of law relating to programs to which funds are allocated pursuant to Section 53130 for the purpose of improving the efficiency and effectiveness of the program. The Legislature may also, from time to time, amend the provisions of law relating to programs to which funds are allocated pursuant to Section 53130 for the purpose of furthering the goals of those programs.

SEC. 20. Part 11 (commencing with Section 53500) is added to Division 31 of the Health and Safety Code, to read:

PART 11. CALIFORNIA HOUSING BOND ACT OF 1990

CHAPTER 1. GENERAL PROVISIONS

53500. This part shall be known and may be cited as the California Housing Bond Act of 1990.

53501. As used in this part, the following terms have the following meanings:

(a) "Committee" means the Housing Committee created pursuant to Section 53505.

(b) "Fund" means the Roberti Affordable Housing Fund created pursuant to Section 53160.

CHAPTER 2. ROBERTI AFFORDABLE HOUSING FUND

53502. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the Roberti Affordable Housing Fund. Moneys in the fund shall be allocated as provided in Part 8 (commencing with Section 53130).

CHAPTER 3. FISCAL PROVISIONS

53502.5. Bonds in the total amount of one hundred twenty-five million dollars (\$125,000,000), exclusive of refunding bonds issued pursuant to Section 53503, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this part and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

53503. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of these bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

53504. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this part and

are hereby incorporated in this part as though set forth in full in this part.

53505. (a) Solely for the purposes of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the Housing Committee is hereby created. For purposes of this part, the Housing Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, the Treasurer, the Director of Finance, the Director of Housing and Community Development, and the Executive Director of the California Housing Finance Agency, or their designated representatives. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the Department of Housing and Community Development is designated as the "board" for programs administered by the department, the Board of Directors of the California Housing Finance Agency is designated as the "board" for programs administered by the agency, and the governing board of the California Housing Insurance Fund is designated as the "board" for programs administered by the fund.

53506. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this part in order to carry out the actions specified in Part 8 (commencing with Section 53130) and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

Bonds authorized under this part may bear interest which is taxable for purposes of the Internal Revenue Code or may be exempt from that taxation. Taxable bonds shall, however, only be issued where federal law would preclude the use of the proceeds of tax-exempt bonds for a purpose otherwise permitted under Chapter 10 (commencing with Section 51475) of Part 3 of Division 31.

53507. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds maturing each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

53508. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this part, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this part, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 53509, appropriated without regard to fiscal years.

53509. For the purposes of carrying out this part, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this part. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this part.

53510. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out the provisions of this chapter. The amount of the request shall not exceed the amount of unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. The board shall execute such documents as are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

53511. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

53511.5. Notwithstanding any provision of this part or the State General Obligation Bond Law as set forth in Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, if the Treasurer sells bonds pursuant to this part that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer shall be authorized to maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds, and the Treasurer shall be authorized to use or direct the use of those proceeds or earnings to pay any rebate, penalty or other payment required under federal law or to take any other action with respect to the investment and use of bond

proceeds required or desirable under federal law so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

53512. The Legislature hereby finds and declares that, inasmuch as

the proceeds from the sale of bonds authorized by this part are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

Proposition 146: Text of Proposed Law

This law proposed by Assembly Bill 236 (Statutes of 1990, Ch. 578) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 21.3 (commencing with Section 17650) is added to Part 10 of the Education Code, to read:

CHAPTER 21.3. SCHOOL FACILITIES BOND ACT OF 1990

Article 1. General Provisions

17650. This chapter shall be known and may be cited as the School Facilities Bond Act of 1990.

17650.10. As used in this chapter, the following terms have the following meanings:

- (a) "Committee" means the State School Building Finance Committee created pursuant to Section 15909.
- (b) "Fund" means the State School Building Lease-Purchase Fund.

Article 2. Program Provisions

17650.15. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the fund.

17650.20. All moneys deposited in the fund shall be available to provide aid to school districts of the state in accordance with the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700)), and of all acts amendatory thereof and supplementary thereto, to provide aid to school districts of the state in accordance with Section 17650.30, to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

17650.25. (a) With respect to the proceeds of bonds to be expended under this chapter for the purposes of Chapter 22 (commencing with Section 17700), all provisions of Chapter 22 (commencing with Section 17700) shall apply.

(b) As to any project that is funded, in whole or in part, from the proceeds of bonds to be expended under this chapter for the purposes of Chapter 22 (commencing with Section 17700), the state's portion of land costs paid from the proceeds of bonds authorized under this chapter shall not exceed two million two hundred fifty thousand dollars (\$2,250,000) per acre, per project.

17650.30. (a) Of the proceeds from the sale of bonds pursuant to this chapter, not more than two hundred sixty million dollars (\$260,000,000) may be used for one or more of the following purposes:

(1) Project funding for applicant districts under Chapter 22 (commencing with Section 17700) that are eligible for that funding, but that lack funding priority due to the size of pupil enrollment in the district.

(2) The identification, assessment, or abatement of hazardous asbestos in school facilities, pursuant to either Chapter 22 (commencing with Section 17700) or Section 39619.6.

(3) The acquisition of portable classrooms for use in accordance with Chapter 25 (commencing with Section 17785).

(4) The reconstruction or modernization of facilities within the meaning of Chapter 22 (commencing with Section 17700).

(5) The funding of child care facilities pursuant to Section 8477.

(b) Of the proceeds from the sale of bonds pursuant to this chapter, forty million dollars (\$40,000,000) shall be used for the purchase and installation of air-conditioning equipment and insulation materials, and related costs, pursuant to Section 42250.1 for schools operated on a year-round multitrack schedule in a manner that increases school capacity and reduces or eliminates the district's need for the construction of additional classroom space.

(c) Notwithstanding subdivision (b), in the event the board determines that the amount made available under that subdivision exceeds the amount necessary to fund the qualified recipients of the apportionment authorized under that subdivision, as indicated by those applications for that funding received by the board on or before June 30, 1991, the board may expend any portion of that excess for any one or more of the purposes described in subdivision (a).

Article 3. Fiscal Provisions

17650.40. Bonds in the total amount of eight hundred million dollars (\$800,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

17650.44. The State School Building Finance Committee, created by Section 15909 and composed of the Governor, Controller, Treasurer, Director of Finance, and the Director of Education, or their designated representatives, all of whom shall serve thereon without compensation, and a majority of whom shall constitute a quorum, is continued in existence for the purpose of this chapter. The Treasurer shall be designated to chair the committee. Two Members of the Senate appointed by the Senate Committee on Rules, and two Members of the Assembly appointed by the Speaker of the Assembly, shall meet and advise with the committee to the extent that the advisory participation is not incompatible with their respective positions as Members of the Legislature. For the purposes of this chapter, the Members of the Legislature shall constitute an interim investigating committee on the subject of this chapter and as such shall have the powers and duties imposed upon those committees by the Joint Rules of the Senate and the Assembly. The Director of Finance shall provide the assistance to the committee as it may require. The Attorney General of the state shall be the legal adviser of the committee.

17650.45. (a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

(b) For purposes of the State General Obligation Bond Law, the State Allocation Board is designated the "board."

17650.50. Upon request of the board from time to time, supported by a statement of the apportionments made and to be made for the purposes described in Section 17650.20, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to fund the apportionments and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to fund those apportionments progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

17650.55. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

17650.60. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 17650.70, appropriated without regard to fiscal years.

17650.63. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. The board shall execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.